

The Financial Times of Indiana

Tax restructuring news from the office of Governor Frank O'Bannon

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www.IN.gov/gov

Top Ten Reasons Why Indiana's Tax System Must Be Restructured NOW!

10. We have no choice.

We know what will happen if we don't adapt our tax system as we move to a new market value system for assessing property. Doing nothing would be so damaging to so many people that it is not an alternative.

9. Homeowners will be the biggest losers.

No state intervention means that homeowners across Indiana would see their property taxes increase – on average – by almost 33%. Hardest hit will be older homes, and those living on fixed incomes will be the most vulnerable.

8. Businesses – and their workers – won't be far behind, and this includes agriculture.

The inventory tax will still be in place, at market value, and the arbitrary 35% credit available today, will be gone. A bad tax will be worse. The proposed investment tax credit must be available to encourage our companies to invest in new machinery and equipment. If not, they will be paying higher taxes on this property as well.

The gross receipts tax penalizes high revenue/low margin businesses, and is particularly onerous on high-tech start-ups.

7. We can eliminate some of the uncertainty Hoosiers face.

Since September 11 we have all been surrounded by questions of what will happen going forward. We can provide some measure of stability for Indiana's families and businesses by eliminating the uncertainty, and the worry, of what our tax system will look like.

6. We need to protect our neighborhoods.

There is nothing more important to the integrity of our neighborhoods, and the quality of life in our communities, than homeownership. If we make it more expensive to own a home, it will reduce the number of families able to buy one, and undermine the stability of our communities.

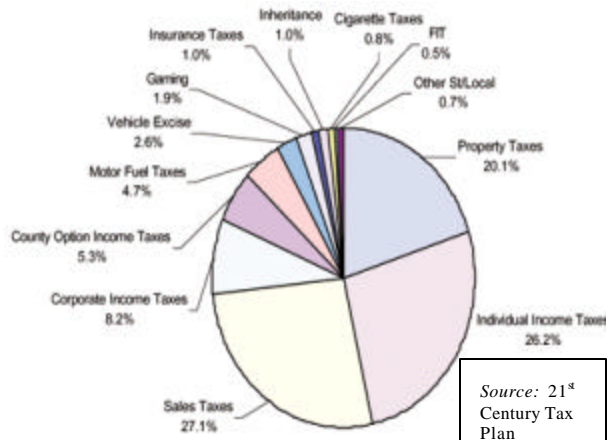
5. Restructuring provides an opportunity to make decisions -- both today and in the future -- about taxes and the state's budget.

Restructuring and dealing with the budget deficit currently facing Indiana are issues #1 and #1A in the upcoming session of the General Assembly. It is essential to deal with the immediate issue of our shortfall in the context of the longer-term issue of tax restructuring.

4. We need to be aggressive to compete in the global economy.

We need to get back to business immediately in ways that encourage growth in Indiana. Waiting to see what happens leads to paralysis and is a formula for never getting anything done. We are committed to constructive dialogue with members of both parties and both Houses of the General Assembly to make our plan better.

Indiana State and Local Taxes, 2004 Under 21st Century Tax Plan



3. It's fair.

Today in Indiana the lower your income is, the more you pay as a percentage of your income in state and local taxes. Our proposal preserves Indiana's position as the lowest tax state of all of our neighbors, but bases the amount you pay more on your ability to pay. We reduce our dependence on property taxes by \$1.4 billion per year, recognizing that property today is less a measure of wealth than ever before. And this plan raises no new revenue for state or local governments. Every dollar that is raised by this plan is dedicated to reducing other taxes.

2. We want to sell Indiana, and this will give us the best product in the marketplace.

We will not have a gross receipts tax, nor an inventory tax. Our property taxes will be lower, and our R&D tax credit of 20% will be the highest in the nation – good for our companies, our universities, and our homegrown talent by creating opportunities for high-skill, high-wage jobs.

1. It's the right thing to do, and we just ought to do it.

Check out more on Indiana's 21st Century Tax Plan at <http://www.in.gov/lgov/>

What People Are Saying....

"Our feeling is the Legislature has to do something to reduce property taxes before reassessment."

--Alice Bennett, President of the Association of Concerned Taxpayers
Source: Muncie Star-Press, Dec. 19, 2001